

Message Text

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11
ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 IO-13 SAJ-01 SAM-01 CIAE-00

DODE-00 PM-04 H-02 INR-07 L-03 NSAE-00 NSC-05 PA-01

PRS-01 SP-02 SS-15 USIA-06 AID-05 EB-07 /095 W

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R 110928Z AUG 76

FM AMEMBASSY KUALA LUMPUR

TO SECSTATE WASHDC 4246

INFO AMEMBASSY BANGKOK

AMEMBASSY CANBERRA

AMCONSUL HONG KONG

AMEMBASSY JAKARTA

AMEMBASSY MOSCOW

AMEMBASSY MANILA

AMEMBASSY RANGOON

AMEMBASSY SINGAPORE

AMEMBASSY TAIPEI

AMEMBASSY TOKYO

AMEMBASSY WELLINGTON

USLO PEKING

CINCPAC

S E C R E T KUALA LUMPUR 4608

NOFORN

CINCPAC ALSO FOR POLAD

E.O. 11652: GDS

TAGS: PINT PFOR MY UR

SUBJ: GOM-SOVIET RELATIONS -- REBUFF MALAYSIAN STYLE

REF: (A) KUALA LUMPUR 4346; (B) KUALA LUMPUR 3622 (NOTAL)

1. SUMMARY. MALAYSIAN CABINET LAST WEEK TOOK FORMAL DECISION TO
DENY TO USSR PARTICIPATION IN TEMBELING DAM PROJECT BUT ELECTED
TO SOFTEN THE BLOW BY EXPLAINING TO RUSSIANS THAT

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IMPLEMENTATION OF DESIGN AND CONSTRUCTION PHASES HAS BEEN

"DELAYED" BECAUSE OF (A) NEED TO PREPARE ENVIRONMENTAL IMPACT STUDY, (B) MAKE LONG RANGE PLANS FOR MOVEMENT OF VILLAGES NOW RESIDING IN DAM CATCHMENT AREA, AND (C) OF THREAT FROM COMMUNIST INSURGENTS. SOVIET CHARGE HAS QUESTIONED WHETHER GOM NOT ALSO CONCERNED ABOUT POSSIBLE SUBVERSIVE ROLE FOR RUSSIAN TECHNICIANS, INDICATING AN APPRECIATION OF TRUE GOM MOTIVES. MFA OFFICIALS CURRENTLY PREPARING STUDY ON RANGE OF REACTIONS THAT MIGHT BE EXPECTED FROM MOSCOW. END SUMMARY.

2. A RELIABLE GOM OFFICIAL TOLD US CONFIDENTIALLY TODAY (AUG 10) THAT THE MALAYSIAN CABINET LAST WEEK APPROVED PRIME MINISTER HUSSEIN ONN'S DECISION TO DENY PARTICIPATION IN THE TEMBELING DAM PROJECT TO THE USSR (REF A). GOM UNDER SOME PRESSURE TO ACT BECAUSE VISA APPLICATIONS ARE PENDING FOR LARGE SOVIET DELEGATION TO VISIT MALAYSIA TO DISCUSS RUSSIAN EXECUTION OF DESIGN AND CONSTRUCTION PHASES OF DAM AND HYDROELECTRIC PLANT. DECISION, IN THE GREAT MALAYSIAN CULTURAL TRADITION, WAS TO DISSEMBLE RATHER THAN TO FLATLY REFUSE SOVIET REQUEST TO HANDLE PROJECT. AS RESULT, RELATIVELY LOW-LEVEL SOVIET EMBASSY OFFICIAL WAS CALLED IN LATE LAST WEEK BY MFA ECONOMIC DEPUTY SECRETARY GENERAL TUAN HAJI ALI BIN ABDULLAH AND TOLD THAT GOM HAD DECIDED TO POSTPONE DISCUSSION OF LAST TWO PHASES PENDING COMPLETION OF AN ENVIRONMENTAL IMPACT STATEMENT AND A PLAN FOR RESETTLEMENT OF OVER 5,000 PEOPLE WHO LIVE IN FUTURE DAM CATCHMENT AREA. ALI ALSO NOTED THAT THE GOVERNMENT IS CONCERNED OVER INSURGENT ACTIVITIES IN NORTHERN PAHANG ADJOINING THE PROPOSED CONSTRUCTION SITE.

3. RUSSIAN OFFICER WAS NONCOMMITTAL WHEN DECISION DELIVERED BY ALI, PERHAPS BECAUSE AMBASSADOR BENDRYSHEV IS ON HOME LEAVE AND CHARGE Y.N. MIKOTNYKH WAS THEN OUT OF TOWN. HOWEVER, MIKOTNYKH MET WITH ALI YESTERDAY (AUG 9) AND ASKED WHY, SINCE PROJECT HAS BEEN IN PROCESS FOR SEVERAL YEARS, GOM SUDDENLY CONCERNED ABOUT THE ENVIRONMENT AND VILLAGERS. RUSSIAN ALSO QUERIED ALI WHETHER GOM FEARED FOR SAFETY OF SOVIET TECHNICIANS AT DAM SITE OR WHETHER IT MORE WORRIED ABOUT POSSIBLE SOVIET SUBVERSION. ALI REPORTEDLY

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INSISTED THAT FORMER WAS CASE AND DENIED THAT GOM SUSPECTS RUSSIANS.

4. SOURCE REVEALED THAT GOVERNMENT CURRENTLY PREPARING PAPER ON POSSIBLE SOVIET REACTIONS TO TEMBELING DENIAL, INCLUDING ENCOURAGEMENT OF ELEMENTS WITHIN RULING UMNO PARTY TO DEPOSE HUSSEIN. SOME OFFICIALS, POINTING TO ALLEGATIONS BY HOME MINISTER GHAZALI SHAFIE THAT RUSSIANS INSTIGATED

UMNO COMMITTEEMEN TO QUESTION GOM'S POLICY TOWARD THE PRC AT
LAST YEAR'S GENERAL ASSEMBLY, BELIEVE THAT THE PRESENT REBUFF
MAY CAUSE THE USSR TO INCREASE ITS CLANDESTINE ACTIVITIES
HERE, PARTICULARLY "PENETRATION" OF UMNO. THEIR WORST CASE
SCENARIO WOULD HAVE THE RIGHT-WING ELEMENT REMOVE HUSSEIN
WITH SOVIET ASSISTANCE AFTER WHICH A "QADHAFI-LIKE"
AUTHORITARIAN REGIME WOULD BE IMPOSED.

5. COMMENT: OUR SOURCE IS ADMITTEDLY STRONGLY ANTI-SOVIET,
THE EFFECT OF A MOSCOW TOUR AND A POLITICALLY CONSERVATIVE
UPBRINGING, THEREFORE WE WOULD DISMISS HIS WORST-CASE
ANALYSIS AS HIGHLY UNLIKELY. EVEN IF THE SOVIETS TRIED TO
STIMULATE A COUP WITHIN UMNO IT WOULD ALMOST CERTAINLY BE
DETECTED IN ITS EARLY STAGES
BY THE GOM SECURITY
ORGANIZATIONS AND BY THE CHINESE. WITHOUT KNOWING MORE
ABOUT THE SOVIET REACTION WE WOULD GUESS THAT IT WOULD
BE RELATIVELY MODERATE IN VIEW OF RUSSIAN HOPES FOR INCREASED
TRADE HERE, PARTICULARLY A MAJOR SHARE OF RUBBER SHIPMENTS
TO EUROPE.
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